

Message Text

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PAGE 01 MTN GE 04111 251757Z
ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 SSO-00 NSCE-00
USIE-00 INRE-00 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15
ITC-01 TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01 OIC-02
AF-10 ARA-06 EA-07 NEA-10 /129 W
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O R 251705Z MAY 77
FM USDEL MTN GENEVA
TO SECSTATE WASHDC IMMEDIATE 2483
INFO USMISSION EC BRUSSELS

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STR ACTION

STR PASS COPY TO CULBERT

E.O. 11652: N/A
TAGS: ETRD MTN
SUBJECT: EC PREPARATIONS FOR BILATERALS WITH U.S. AND REACTIONS TO
DG LONG'S CIRCULAR

1. SUMMARY: EC HAS BEGUN SERIES OF MEETINGS AT DG LEVEL ON
TOKYO ROUND ISSUES. PRELIMINARY INDICATIONS SHOW CAUTION ON
TARIFF REDUCTIONS, SATISFACTION WITH CHANGED U.S. ATTITUDES
ON AGRICULTURE, AND WILLINGNESS TO AT LEAST ADDRESS INTER-
NALLY ISSUE OF AGRICULTURAL SUBSIDIES. ATTITUDE OF MOST
DELEGATIONS WHICH APARTICIPATED IN THE DOWNING STREET SUMMIT
(THE ONLY ONES TO RECEIVE DG LONG'S NOTE ON THE NEGOTIATIONS)
TOWARDS THE DG'S NOTE IS ONE OF ONLY CASUAL INTEREST. END
SUMMARY.

2. MARGINS OF EC FAREWELL LUNCHEON FOR ME ATTENDED BY ABOUT
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A DOZEN HEADS OF DELEGATIONS PROVIDED THE OPPORTUNITY FOR
DISCUSSIONS ON CURRENT EC TOKYO ROUND DELIBERATIONS AND
REACTIONS OF SUMMIT COUNTRIES TO DG LONG'S MAY 20 NOTE.

3. LUYTEN CONFIDED THAT A MEETING WAS HELD YESTERDAY
IN BRUSSELS AT THE DIRECTOR GENERAL LEVEL TO BEGIN
PREPARATIONS FOR BILATERALS WITH THE U.S. LUYTEN

ATTENDED FROM GENEVA AND OBSERVED, PARENTHETICALLY, THAT HE EXPECTED TO BE INCREASINGLY INVOLVED IN BRUSSELS POLICY DELIBERATIONS. LUYTEN TOLD ME THE OFFICIALS TOOK A CAUTIOUS ATTITUDE TOWARDS TARIFF REDUCTIONS, NOTING THAT FERNAND BRAUN WAS ENCOUNTERING INDUSTRY RESISTANCE TO TARIFF CUTS, EVEN STAGED OVER A LONG PERIOD OF TIME. THIS NOTION IS, OF COURSE, CONSISTENT WITH THE WELL-KNOWN COMMUNITY POSITION FAVORING LESS AMBITIOUS TARIFF CUTTING GOALS. LUYTEN ACKNOWLEDGED THAT THE DAVIGNON-BRAUN TEAM IN DG-3 WOULD EXERCISE A MUCH GREATER INFLUENCE OVER EC TARIFF CUTTING POLICY THAN HAD BEEN TRUE UNDER THE PREVIOUS COMMISSION. HE ALSO OBSERVED THAT THE AGRICULTURAL REPRESENTATIVES FROM DG-6 HAD SARCASTICALLY OBSERVED THEY WERE GLAD TO SEE THEIR INDUSTRIAL COUNTERPARTS IN THE COMMISSION EXPRESSING THE SAME RESERVATIONS ABOUT TARIFF CUTTING WHICH THEY IN AGRICULTURE HAD BEEN EXPRESSING FOR SOME TIME.

4. LUYTEN TOLD ME THAT THE AGRICULTURAL REPRESENTATIVES ARE PLEASED AT WHAT THEY CONSIDER TO BE MAJOR SHIFTS IN AMERICAN ATTITUDES TOWARDS AGRICULTURAL NEGOTIATIONS UNDER SECRETARY BERGLAND, PARTICULARLY THE ATTITUDE TOWARDS COMMODITY AGREEMENTS. HE SAID THEY FEEL THE ELEMENTS OF A COMMODITY AGREEMENT IN GRAINS ARE NOW PRETTY WELL AGREED IN PRINCIPLE AND WHAT IS NEEDED IS DETAILED DISCUSSIONS ON CONCRETE ELEMENTS. LUYTEN NOTED IN THIS CONNECTION THAT THE APPARENT PREOCCUPATION OF SECRETARY BERGLAND WITH DOMESTIC FARM LEGISLATION AND THE CONSEQUENT POSTPONEMENT OF HIS MEETING WITH LIMITED OFFICIAL USE

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GUNDELACH UNTIL MID-JULY WAS TAKING THE HEAT OFF DG-6, THOUGH HE WAS CONTINUING TO PRESS THEM. HE NOTED THAT THERE HAD ALSO BEEN DISCUSSION DURING THE MEETING OF POSSIBLE WAYS TO DEAL WITH EXPORT SUBSIDIES ON PRODUCTS OTHER THAN THOSE SUBJECT TO COMMODITY AGREEMENTS. HE WOULD NOT BE DRAWN OUT IN MUCH DETAIL ABOUT THESE DISCUSSION EXCEPT TO SAY THAT THEY WERE AIMED AT LIMITING EXPORT SUBSIDIES AND THAT "WELL, AT LEAST, THAT IS SOMETHING." I GAINED THE IMPRESSION THEY WERE NOT TALKING ABOUT NEGOTIATED SUBSIDIES SUBJECT TO SUCCESSIVE REDUCTIONS ALONG THE LINES PROPOSED BY THE CANADIAN SUBSIDIES/CVD DRAFT.

5. LUYTEN AGAIN TOOK THE OPPORTUNITY TO STRESS THE IMPORTANCE OF MULTILATERAL MEETINGS IN GENEVA TO THE BRUSSELS DECISION-MAKING PROCESS AND URGED AGAINST CANCELLATION OF ANY OF THE SCHEDULED MEETINGS FOR THIS SPRING. HE FEELS STRONGLY THE NEED FOR THESE ACTION-FORCING EVENTS TO PROD THE COMMISSION AND MEMBER

STATES INTO REACHING DECISIONS.

6. DG LONG'S MAY 20 NOTE ON WHAT HAS TO BE DONE IN THE NEGOTIATIONS (HAD CARRIED TO WASHINGTON BY CULBERT OVER THE WEEKEND) WAS GIVEN ONLY VERY NARROW DISTRIBUTION (APPARENTLY, IT WAS GIVEN ONLY TO SUMMIT PARTICIPANTS). THE REACTION SO FAR HAS BEEN QUITE HO-HUM. THE CANADIANS HAVE TOLD US THEY WIRED OTTAWA NOT TO PAY MUCH ATTENTION TO IT AND LUYTEN TOLD ME HE DIDN'T THINK IT WAS VERY GOOD, THOUGH HE DID WELCOME THIS FIRST SIGN OF INITIATIVE ON BEHALF OF THE LEADERSHIP OF THE GATT. HE LIKENED IT TO DEALING WITH YOUNG CHILDREN: EVEN IF YOU DON'T ENTIRELY LIKE WHAT THEY ARE DOING, IF IT SEEMS AIMED IN THE RIGHT DIRECTION, YOU ENCOURAGE IT.

7. THE DELEGATION'S INTERNAL VIEWS ON THE SUBJECT ARE EVEN LESS CHARITABLE. IT SEEMS TO US TO BE QUITE A LIMITED OFFICIAL USE

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USELESS DOCUMENT AND, WORSE, ERRONEOUS INsofar AS IT SEEMS TO CONFUSE MULTILATERAL MEETINGS WITH ACTUAL NEGOTIATIONS AND APPEARS TO MANDATE MULTILATERAL AGREEMENT ON A RANGE OF SOMEWHAT IRRELEVANT ISSUES BEFORE THE SUMMER BREAK. THIS SEEMS TO US BOTH UNLIKELY AND UNNECESSARY. OUR INITIAL IMPRESSION, HOWEVER, IS THAT THE DOCUMENT WILL NOT HAVE MUCH IMPACT HERE AND THEREFORE NEED NOT BE TAKEN VERY SERIOUSLY IN WASHINGTON. WALKER

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